

<b>LAPO - 2nd Rating</b>	<b>NIGERIA</b>
<i>Company Limited by Guarantee</i>	<i>Report as of December 2005</i>

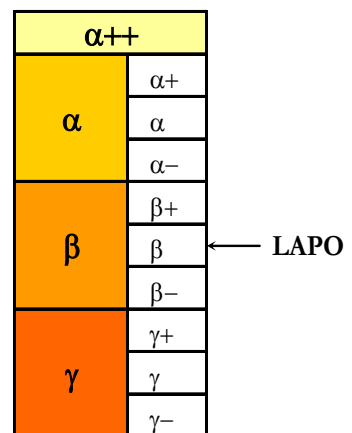
**Contacts**

**MicroRate:**  
 Craig Kirkwood  
[craig@microrate.com](mailto:craig@microrate.com)  
 Tel: +27 11 803 7117  
 Fax: +27 11 807 3490

**LAPO:**  
 Godwin Ehigiamusoe  
[lapobn@yahoo.co.uk](mailto:lapobn@yahoo.co.uk)  
 Tel: +234 52 600 756  
 Fax: +234 52 600 756

<b>PERFORMANCE RATING</b>	<b>β</b>
<b>RATING OUTLOOK</b>	<b>POSITIVE</b>

Date of visit **May 2006**  
 Date of previous rating **March 2002**



<b>Main Performance Indicators</b>		
	<b>Dec '04</b>	<b>Dec '05</b>
Gross Portfolio ('000's)	\$1,877.6	\$3,314.3
Number of active borrowers	29,812	43,699
ROE	16.0%	25.7%
Portfolio Yield	64.7%	61.2%
Portfolio at Risk	0.7%	1.1%
Operating Expense Ratio	45.5%	39.5%
Average Loan Size	\$63	\$76
Borrowers per staff	114	148

**Synopsis**

Lift Above Poverty Organisation (“LAPO”), a company limited by guarantee (not-for-profit), started operating in 1988 with the help of a grant from the Ford Foundation. Godwin Ehigiamusoe, founder and CEO, had previously started a spontaneous microcredit program on his own. By 1989, this impromptu venture had grown, and Grameen Bank of Bangladesh began to provide advice. Subsequently, LAPO developed an expansion plan that called for substantial scaling up of the microfinance program in order to become financially self-sufficient. The plan benefited significantly from a Microstart program in Nigeria (run by the Bangladeshi MFI, ASA) and in 2002, LAPO made a profit for the first time. The MFI makes group loans to 44,000 clients and has grown the portfolio to \$3.3 million. LAPO is funded mainly with equity.

**Highlights**

- POSITIVE**
- Consistent improvement in profitability.
  - Good portfolio quality and low write-offs.
  - Competent management and staff.
  - Strong market position.
  - Sufficient liquidity to manage short term growth.

- NEGATIVE**
- Weak MIS.
  - Inflexible loan products.
  - High client drop out.
  - Governance structure needs improvement.
  - Large scale, unregulated financial intermediation.
  - Potential for foreign exchange risk.

**Washington Headquarters**  
 3300 Fairfax Drive, Suite 220  
 Arlington, VA 22201 USA  
 Phone: +1 (703) 243-5340  
 Fax: +1 (703) 243-7380

**MicroRate Latin America**  
 Plz. 27 de Noviembre 430, 3B  
 Lima 27 – Perú  
 Phone: +51 (1) 442-5050  
 Fax: +51 (1) 442-5511

**MicroRate Africa**  
 29 Autumn Road, Rivonia,  
 2128, Johannesburg,  
 Republic of South Africa  
 Phone: +27 (11) 803-7117  
 Fax: +27 (11) 807-3490